

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN**

In the Matter of:

ARK LABORATORY, LLC,

Debtor.

Case No. 23-43403-mlo
Chapter 11
Hon, Maria L. Oxholm

**FURTHER VERIFIED DECLARATION OF JAMES GROSSI IN SUPPORT
OF USE OF CASH COLLATERAL**

James Grossi states,

1. I am the sole member of the Debtor and its manager. I am also the CEO of the Debtor.
2. To the best of my knowledge, information and belief, the averments in the originally filed motion by Debtor in support of the use of cash collateral are true and correct, and were based on the Debtor's books and records kept in the ordinary course of business.
3. Debtor was formed in 2012, and we moved operations to Waterford in 2016.
4. Debtor is a CLIA certified, CAP proficient, COLA accredited, medical laboratory with approximately 112 employees. We specialize in substance abuse testing, blood and molecular testing. Annual projected revenue is between 18-20 million dollars.
5. Debtor filed its bankruptcy because of cash flow issues caused by a combination of the following four factors: 1. Declining Medicare reimbursements, 2.

A decrease in Covid testing, 3. Debtor's cost structure, and 4. Erroneous denials of claims by Meridian and Blue Cross. I and our subordinated lender infused significant funds in 2022 in order to attempt to stabilize operations.

6. Debtor's chapter 11 filing will assist the Debtor in pivoting to a lower cost structure to maximize the value of its assets for all constituencies.

7. As of the Petition Date, Debtor's principal assets consisted of the following:

ASSETS	APPROXIMATE VALUE
Cash	\$ 261,000
Receivables	\$ 7,490,817
Equipment-NBV	\$ 2,916,900
Inventory/Supplies	\$ 581,698
Total	\$ 11,250,415

8. A significant portion of the value of Debtor's business arises from its ongoing operations.

9. Our books and records indicate that the following claimants may have secured claims in the following amounts:

Comerica Commercial Lending Services	\$6,536,566.07
Peninsula Capital Partners	\$14,940,749.14
Diesel Funding	\$187,500

10. Debtor's anticipated revenues for the next several weeks and anticipated expenses are set forth in the spreadsheet that was attached to the originally filed motion for use of cash collateral, the "Budget").

11. If we can't use the funds in the Budget, Debtor will suffer irreparable and immediate harm, as will its employees who count on us to pay them for the work that they have done.

12. Debtor is confident that its post-petition operations, as reflected in the Budget, will be profitable and that it will be able to demonstrate its ability to remain profitable during these bankruptcy proceedings and beyond.

VERIFIED UNDER PENALTY OF PERJURY

/s/ James Grossi
James Grossi, Declarant

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